Returned Invoices

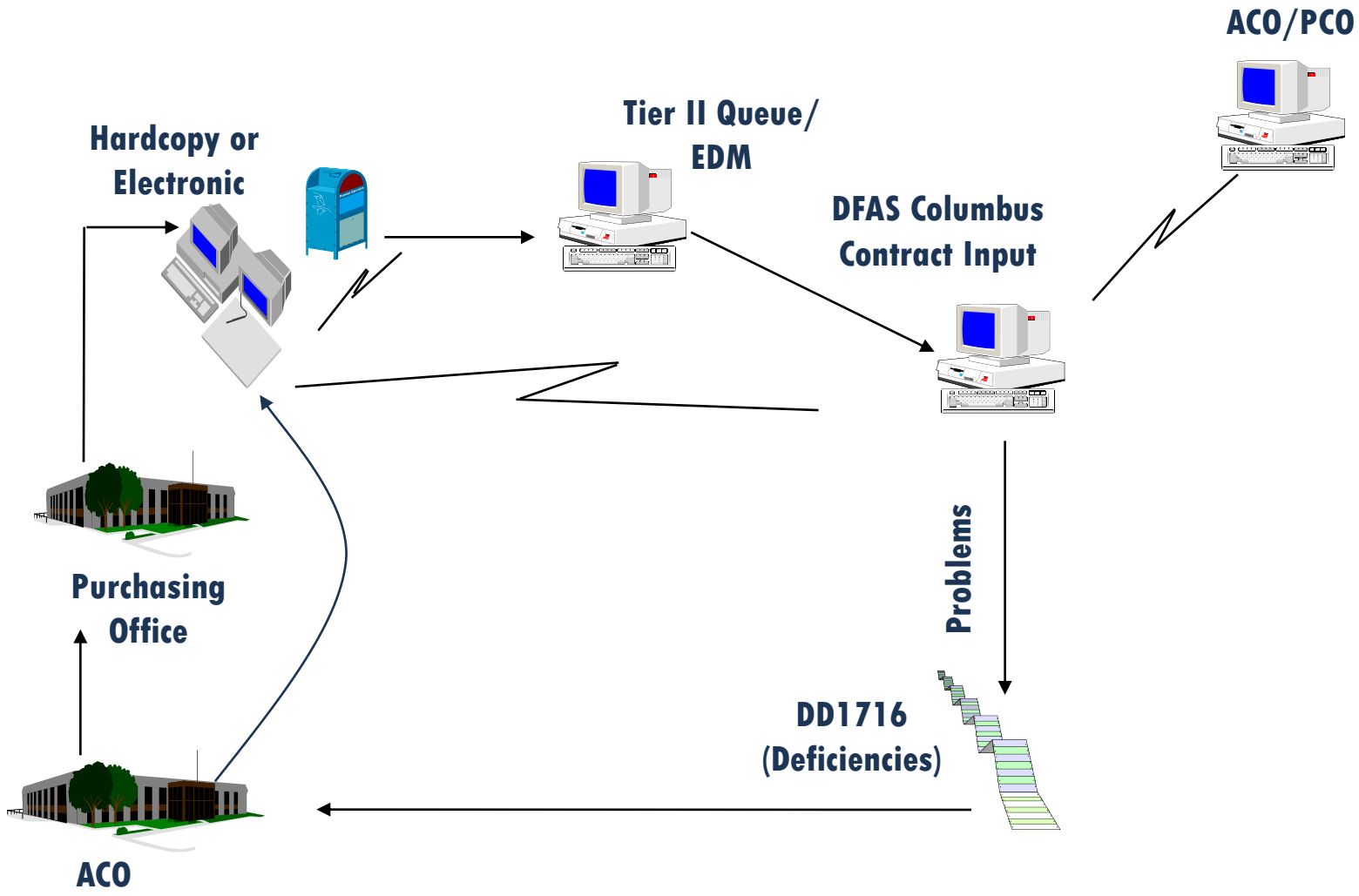
Rebecca Beck
Chief, Contract Input
August 2003

Your Financial Partner @ Work

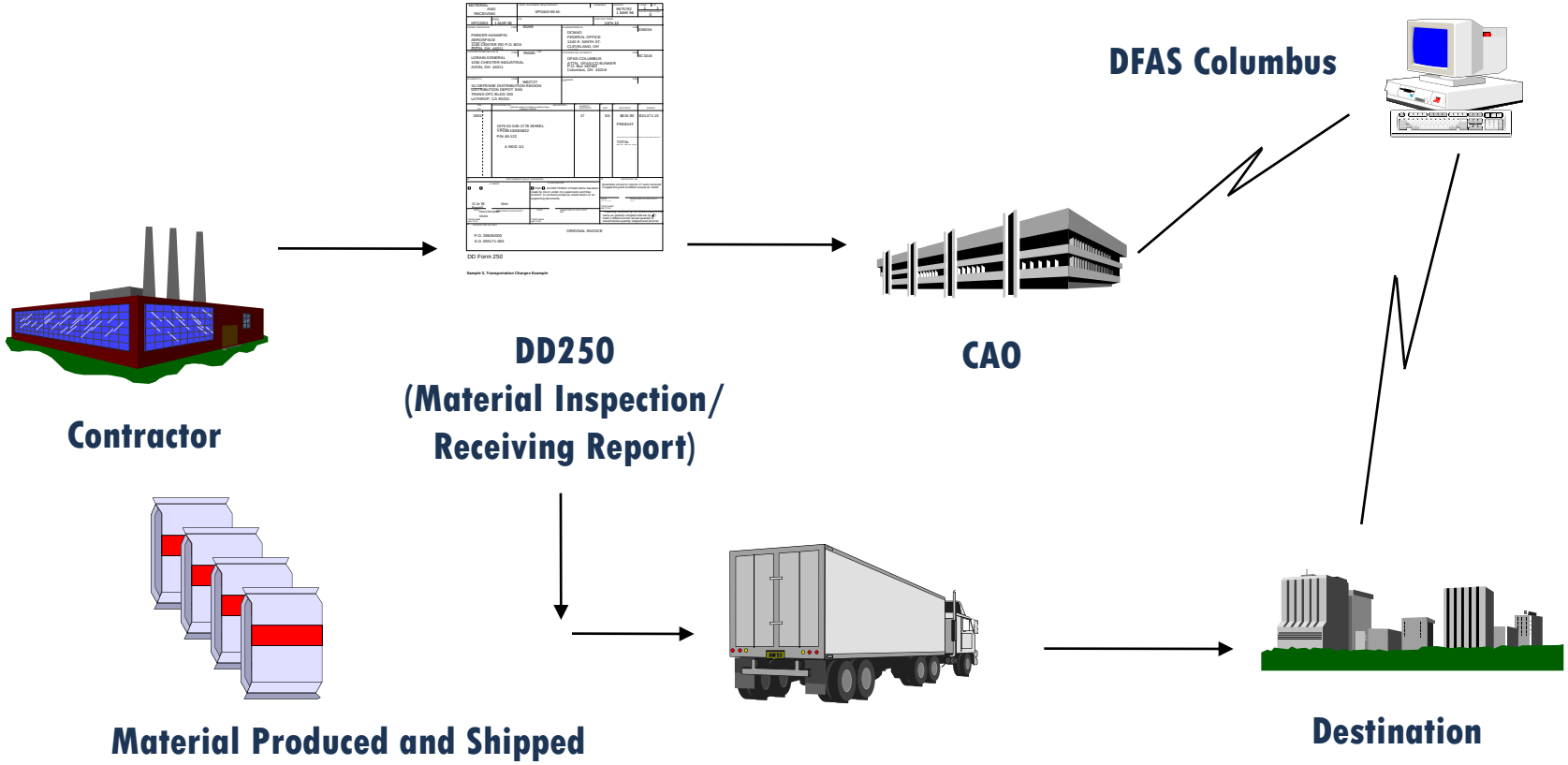
Topics

- MOCAS Payment Process
- Impact of Returned Invoices
- Top Four Reasons for Returns
- Get Well Plan

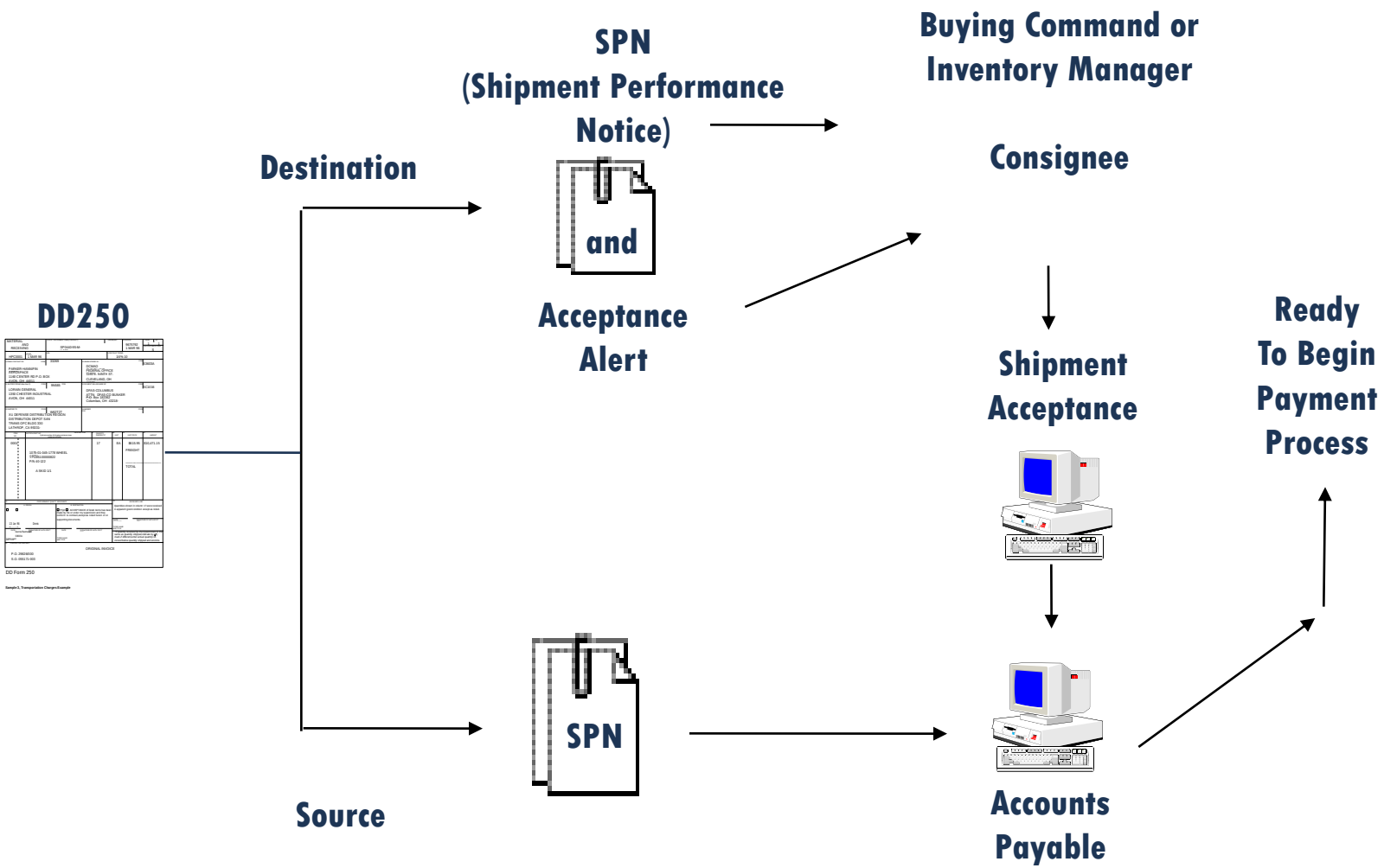
Contract Input



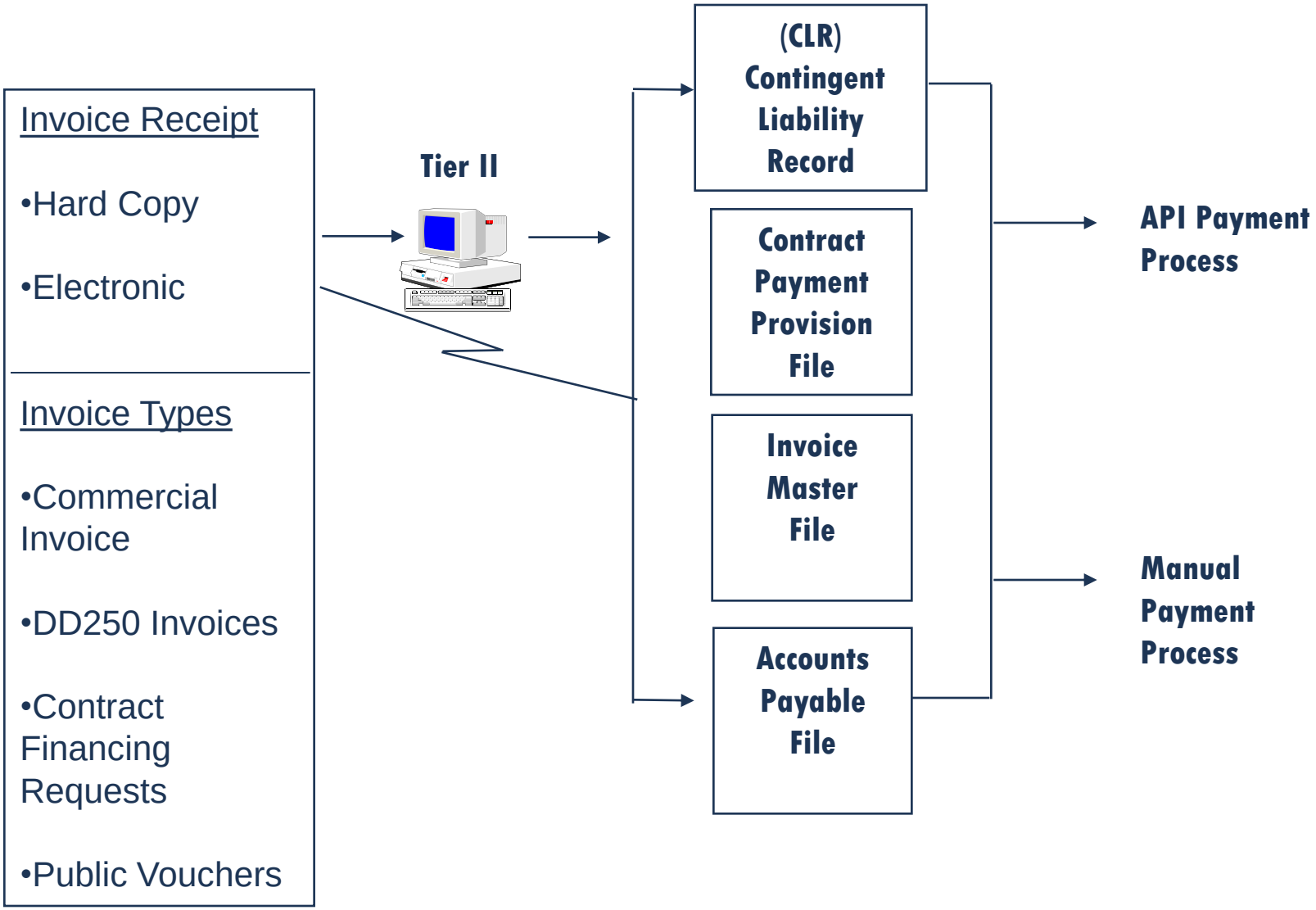
Production & Delivery of Goods



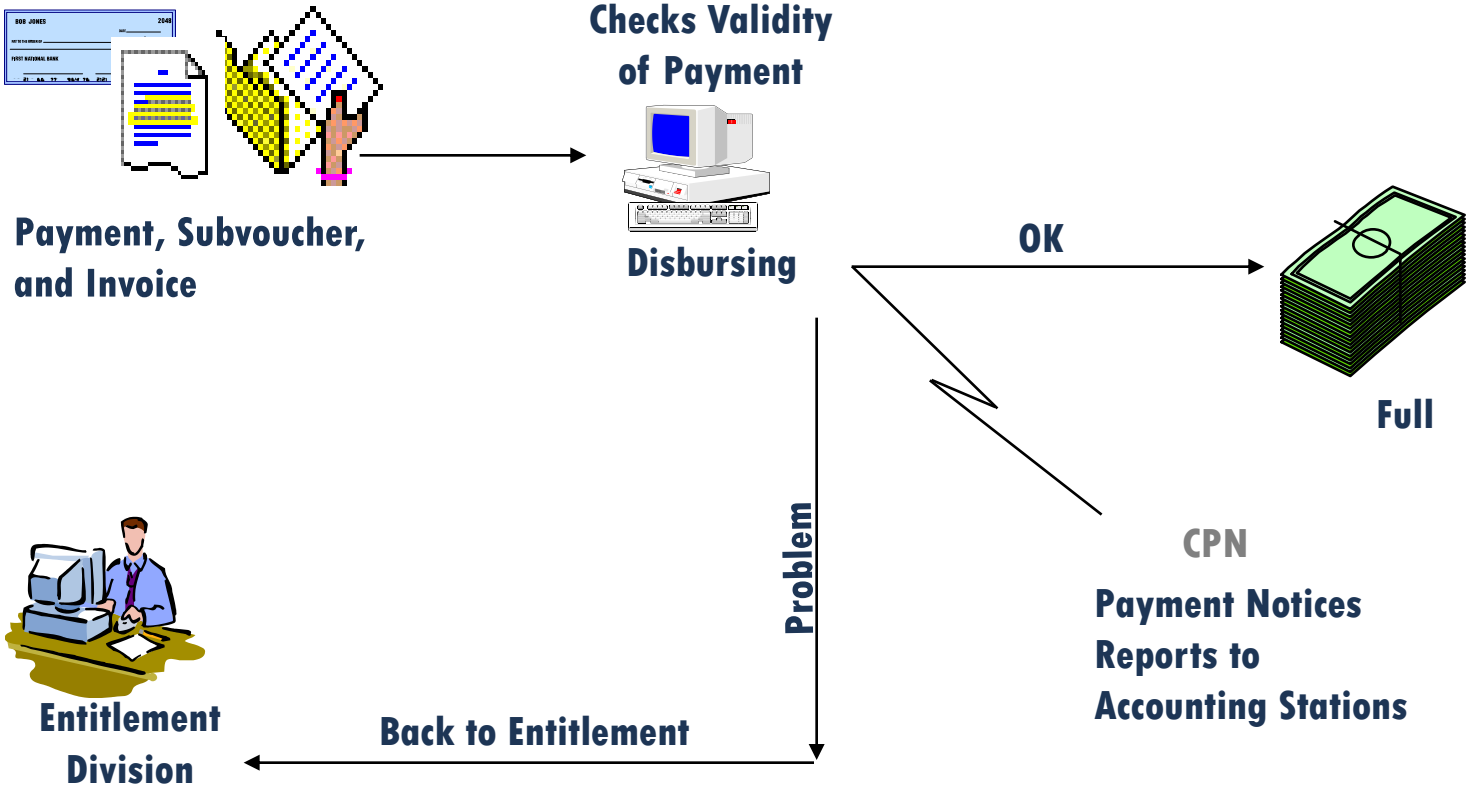
Acceptance of Goods



Invoice Input



Disbursement



Magnitude of Business

- Number of Active Contractors - 16K
- Number of Active Contracts - 329K
- Total Obligated - $881.3B
- Approximately 90K Invoices Go Through the Payment Process Monthly
  - 79K Pay
  - Approximately 12% End Up Returned to the Contractor or Recycled

Impact of Returned Invoices

- Approximately 11K Invoices are Returned Monthly
  - Downward trend this FY
- Represents Rework for Us and You
  - Resubmission of Invoices
  - Reprocessing of Invoices
- Causes Delays in Payment

Returned Code Variables

Code	Description
E-01	DFAS Not the Paying Office
E-02	Awaiting a Definitizing Modification
E-03	Contract Number on Invoice is Missing or Invalid
E-05	Duplicate Invoice/Shipment Number
E-06	Shipment Number is Missing or Incorrect
E-07	Evidence of Shipment Required
E-08	Invoice Requires Approval
E-09	Per Instructions of TO/ACO/PCO
E-10	Item Number Requires Verification
E-11	Invoice Not Billed IAW the Contract
E-12	Error on DD250
E-13	Inspection/Acceptance Problem
E-14	Unauthorized Overshipment
E-17	Transportation
E-19	As Required

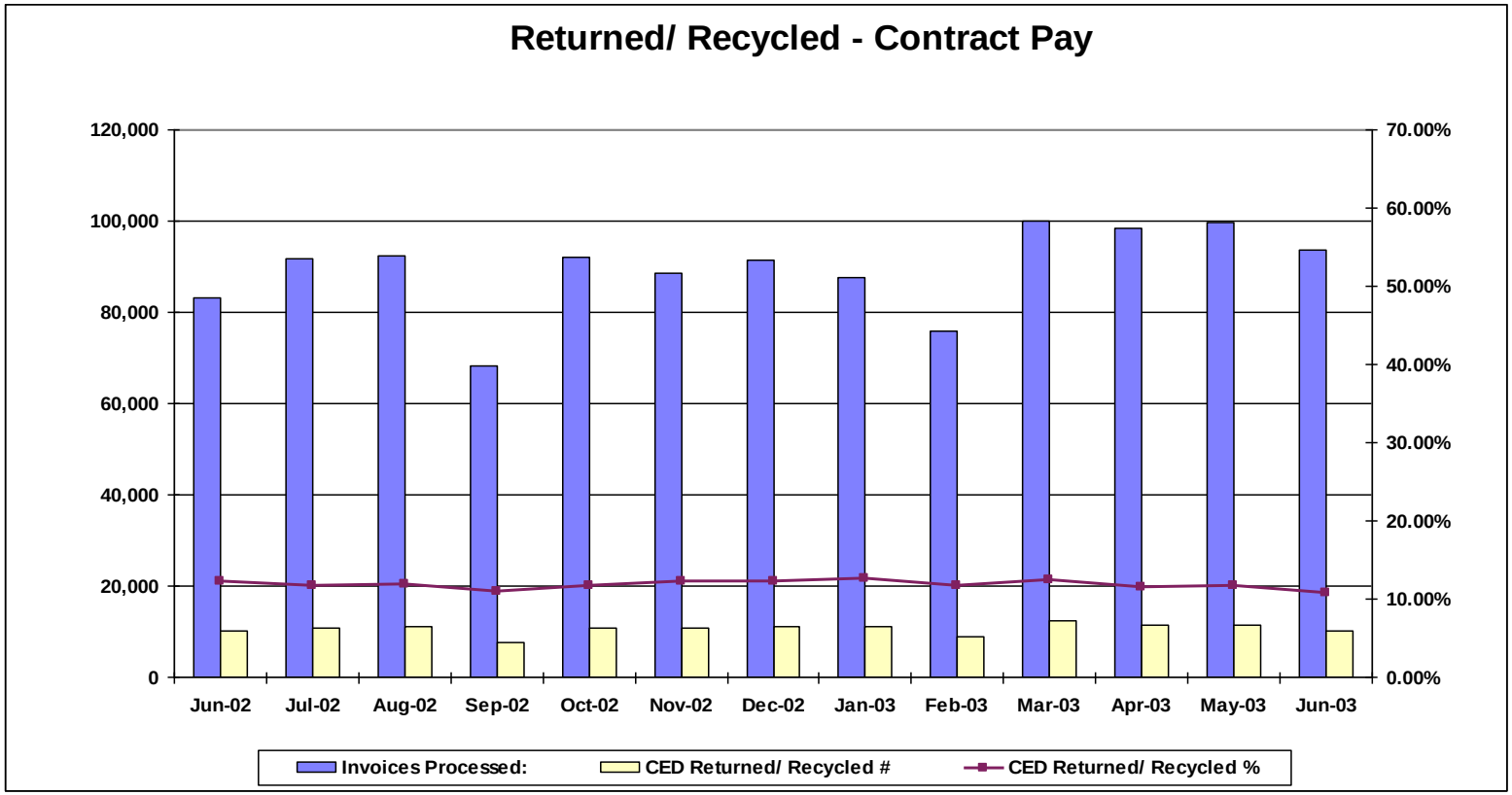
Prompt Pay Requirement

- In accordance with the Prompt Pay Act, DFAS is required to return the invoice to the contractor for correction within 7 days of receipt.

Top 4 Reasons for Returns - FY03

- E-12: Error on DD250
  - Distribution Not Made to Terminal
    - The contractor must ensure proper distribution of the DD250 is made to the CAO terminal prior to resubmitting the invoice for payment.
- E-11: Invoice Not Billed IAW Contract
  - Item Information/ACRN Missing/Incorrect
    - The contractor should review contractual terms and submit a corrected invoice for payment.
- E-06: Shipment Number Missing/Incorrect
    - The contractor must annotate the invoice with a correct shipment number. The invoice may then be resubmitted for payment.
- E-01: DFAS Not the Paying Office
    - The contractor should resubmit their invoice to the appropriate pay office, as stated in their contract.

Returned / Recycled Invoices



Returned/ Recycled	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03
CED Returned/ Recycled %	12.29%	11.75%	11.88%	10.96%	11.65%	12.19%	12.26%	12.65%	11.58%	12.40%	11.50%	11.61%	10.73%
CED Returned/ Recycled #	10,226	10,788	10,997	7,481	10,704	10,782	11,205	11,092	8,800	12,392	11,327	11,581	10,042
Invoices Processed:	83,234	91,838	92,531	68,259	91,912	88,416	91,372	87,712	76,007	99,904	98,473	99,747	93,570

Paid	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03
CED	73,008	81,050	81,534	60,778	81,208	77,634	80,167	76,620	67,207	87,512	87,146	88,166	83,528

Get Well Plan

- Partnering with DCMA (E12A)
  - Quarterly Scorecard to Commanders
  - Coordination of “A” List Reports
  - Ensuring Contact with CMO is Made Prior to Return
  - Encourage WAWF
- Feedback to Contractors (E11, E01, E06)
  - Identify Problem Areas
  - Discuss Recurring Problems

Get Well Plan (Continued)

- Look In Our Own Backyard (E16)
  - Identify Root Causes, True Error vs. “Requests”
  - Ensure Accountability
  - Provide Training
  - Track Progress
  - Encourage EDI

DFAS

Your Financial Partner @ Work